

Discusses how action is similar to his legislation

WASHINGTON, D.C. – Congressman Charlie Wilson (OH-6) submitted a strong statement into the record this morning during a hearing of the House Financial Services Committee. The committee was meeting to hear testimony on “Compensation, Structure and Systemic Risk,” particularly timely given the Obama Administration’s announcement yesterday that Kenneth R. Feinberg has been named as “compensation czar.”

Feinberg will set compensation at some of the firms that took the most Troubled Asset Relief Program (TARP) funding from the government. He will oversee compensation at Citigroup, Bank of America, American International Group, General Motors, Chrysler, Chrysler Financial and GMAC. He will help set salaries, bonuses and retirement packages for the company’s executive officers and their 100 most highly paid employees.

Wilson is pleased that the Administration’s action echoes the spirit of his Tarp Wage Accountability Act. Wilson introduced that bill, H.R. 1603, in March. His statement at this morning’s committee hearing follows:

“Chairman, thank you for holding this timely hearing. Panel, thank you for being with us today.

I was so pleased to hear the President’s announcement yesterday about the creation of a “compensation czar.” Many of my colleagues and I have thought for a long time that executive pay was on an uncontrollable path.

It is scary that for years, Wall Street has rewarded its employees for risky behavior with outrageous bonuses. I have no doubt that it contributed to our financial crisis.

The action that the President proposed yesterday is right in line with my thinking on this issue. In fact, earlier this year I introduced a bill, the TARP Wage Accountability Act, that would target some of the more egregious actions that Wall Street has taken in the past year.

Up until recently, most large banks have utilized a compensation approach where bonuses make up a majority of the total income package for more senior employees. Salaries are kept relatively low and bonuses are, by comparison, huge. Due to the critical eye of Congress and American taxpayers on bonuses, there is now an effort by the companies to flip that compensation structure from bonuses to salaries. The intent of my bill is to stop TARP recipients that are scheming to change their pay structure to reward themselves with double or triple their salaries. I want to make sure that taxpayer money does not go to outrageous raises — raises that are not deserved.

My bill would force companies that took 10 billion dollars or more in TARP funds to abide by the government Cost of Living Adjustment (COLA) structure set for our military and government employees. For example, this year that would mean that salaries for employees at AIG couldn’t be raised more than 3.9%. If the COLA is good enough for our soldiers and government

employees, it should be good enough for Wall Streeters taking government money.

I hope that the announcement by the White House about a compensation czar will make my legislation unnecessary. I would encourage the new czar to be fair and equitable with his decisions regarding senior level salaries within banks receiving TARP funds.

Thank you again, Chairman. Panel, I look forward to hearing from you.”